

AMENDMENT TO H.R. 2761
OFFERED BY MR. FRANK OF MASSACHUSETTS
[manager's amendment]

Page 10, line 4, strike “, with respect to group life insurance,”.

Page 10, line 5, before the period insert “for group life insurance issued by any insurer for insurance against losses occurring at the locations described in subparagraph (A) of paragraph (9)”.

Page 12, line 11, after “insurance” insert a comma.

Page 12, line 13, after “risk” insert a comma.

Page 14, line 11, before “premiums” insert “direct”.

Page 16, line 17, after “through (H)” insert “and (J)”.

Strike line 22 on page 17, and all that follows through page 18, line 11, and insert the following:

1 “(J) notwithstanding subparagraph (G)(i), if
2 aggregate industry insured losses resulting from a
3 certified act of terrorism exceed \$1,000,000,000, for
4 any insurer that sustains insured losses resulting
5 from such act of terrorism, the value of such insur-

1 er's direct earned premiums over the calendar year
2 immediately preceding the Program Year, multiplied
3 by 5 percent; except that for purposes of deter-
4 mining under this subparagraph whether aggregate
5 industry insured losses exceed \$1,000,000,000, the
6 Secretary may combine insured losses resulting from
7 two or more certified acts of terrorism occurring
8 during such Program Year in the same geographic
9 area (with such area determined by the Secretary),
10 in which case such insurer shall be permitted to
11 combine insured losses resulting from such acts of
12 terrorism for purposes of satisfying its insurer de-
13 ductible under this subparagraph; and except that
14 the insurer deductible under this subparagraph shall
15 apply only with respect to compensation of insured
16 losses resulting from such certified act, or combined
17 certified acts, and that for purposes of compensation
18 of any other insured losses occurring in the same
19 Program Year, the insurer deductible determined
20 under subparagraph (G)(i) or (I) shall apply;”.

Strike line 1 on page 19, and all that follows
through page 20, line 8.

Page 27, line 15, after “law” insert the following:
“requiring coverage of the risks described in subsection
(c)(1)”.

Page 35, strike lines 7 through 25, and insert the following:

1 “(C) PROGRAM TRIGGER.—In the case of a
2 certified act of terrorism occurring after March
3 31, 2006, no compensation shall be paid by the
4 Secretary under subsection (a), unless the ag-
5 gregate industry insured losses resulting from
6 such certified act of terrorism exceed
7 \$50,000,000, except that if a certified act of
8 terrorism occurs for which resulting aggregate
9 industry insured losses exceed \$1,000,000,000,
10 the applicable amount for any subsequent cer-
11 tified act of terrorism shall be the amount spec-
12 ified in section 102(1)(B)(ii).”.

Page 38, lines 15 and 16, strike “but are not compensated pursuant to paragraph (1)”.

Page 38, line 17, strike “(B)”.

Page 55, line 25, after “title” insert “and providing coverage except for NBCR terrorism”.

Page 56, line 9, strike “and”.

Page 56, strike lines 10 through 24, and insert the following:

1 “(D) during the period beginning on the
2 date of the enactment of the Terrorism Risk In-
3 surance Revision and Extension Act of 2007,
4 and ending on December 31, 2009, forms for
5 property and casualty insurance, and group life
6 insurance, covered by this title and providing
7 coverage for NBCR terrorism that are filed
8 with any State, to the extent of the addition of
9 such coverage for NBCR terrorism and where
10 such coverage was not previously required, shall
11 not be subject to prior approval or waiting pe-
12 riod under any law of a State that would other-
13 wise be applicable; and

14 “(E) during the period beginning on the
15 date of the enactment of the Terrorism Risk In-
16 surance Revision and Extension Act of 2007,
17 and ending on December 31, 2010, rates for
18 property and casualty insurance, and group life
19 insurance, covered by this title and providing
20 coverage for NBCR terrorism that are filed
21 with any State, to the extent of the addition of
22 such coverage for NBCR terrorism and where
23 such coverage was not previously required, shall
24 not be subject to prior approval or waiting pe-
25 riod under any law of a State that would other-

1 wise be applicable, except that nothing in this
2 title affects the ability of any State to invalidate
3 a rate as inadequate or unfairly discriminatory;
4 and”;

Page 57, after line 11, insert the following new section (and redesignate succeeding sections accordingly):

5 SECTION 4. TERRORISM BUY-DOWN FUND.

6 The Terrorism Risk Insurance Act of 2002 (15
7 U.S.C. 6701 note) is amended by inserting after section
8 106 the following new section:

9 “SEC. 106A. TERRORISM BUY-DOWN FUND.

10 “(a) ESTABLISHMENT.—The Secretary shall establish
11 a Terrorism Buy-Down Fund (in this section referred
12 to as the ‘Fund’) that shall make available additional terrorism
13 coverage for the insured losses of insurers, which
14 shall be available for purchase by insurers on a voluntary
15 basis.

16 “(b) PURCHASE OF DEDUCTIBLE, CO-SHARE, AND
17 TRIGGER BUY-DOWN COVERAGE.—

18 “(1) IN GENERAL.—An insurer may purchase
19 deductible, co-share, and pre-trigger buy-down coverage
20 (in this section referred to as ‘buy-down coverage’)
21 through the Fund by making an election, in advance,
22 to treat some or all of the premiums it has disclosed
23 pursuant to section 103(b)(2) as fee

1 charges for the Program imposed by the Secretary
2 and remitting such amounts to the Fund.

3 “(2) LIMITS.—An insurer may not purchase
4 buy-down coverage in an amount greater than the
5 lesser of—

6 “(A) the highest amount specified in sec-
7 tion 103(e)(1)(C); and

8 “(B) the insurer’s one-in-one-hundred-year
9 risk exposure to acts of terrorism.

10 “(c) BUY-DOWN COVERAGE.—The Fund shall pro-
11 vide the buy-down coverage to an insurer for losses for
12 acts of terrorism, without application of the insurer de-
13 ductible and in addition to any otherwise payable Federal
14 share of compensation pursuant to section 103(e).

15 “(d) BUILD-UP.—The buy-down coverage that shall
16 be payable to an insurer for qualifying losses shall be the
17 aggregate of the insurer’s buy-down coverage premiums
18 plus interest accrued on such amounts.

19 “(e) USE BY INSURERS.—

20 “(1) QUALIFYING LOSSES.—For the purpose of
21 this section, qualifying losses are insured losses by
22 an insurer that are not excess losses and that do not
23 include amounts for which Federal financial assist-
24 ance pursuant to section 103(e) is received, notwith-
25 standing any limits otherwise applicable regarding

1 section 103(e)(1)(C) (regarding program triggers) or
2 section 102(11) (regarding insurer deductibles).

3 “(2) USE OF BUY-DOWN COVERAGE.—An in-
4 surer may use any buy-down coverage payments re-
5 ceived under subsection (f) to satisfy—

6 “(A) the applicable insurer deductibles for
7 the insurer;

8 “(B) the portion of the insurer’s losses
9 that exceed the insurer deductible but are not
10 compensated by the Federal share; and

11 “(C) the insurer’s obligations to pay for in-
12 sured losses if the Program trigger under sec-
13 tion 103(e)(1)(C) is not satisfied.

14 “(3) BUY-DOWN COVERAGE DOES NOT REDUCE
15 FEDERAL CO-SHARE.—The receipt by an insurer of
16 buy-down coverage under this section for insured
17 losses shall not be considered with respect to calcu-
18 lating the insurer’s insured losses with respect to the
19 insurer’s deductible and eligibility for Federal finan-
20 cial assistance pursuant to section 103(e).

21 “(4) INSOLVENCY.—An insurer may sell its
22 rights to buy-down coverage from the Fund to an-
23 other insurer as part of or to avoid an insolvency or
24 as part of a merger, sale, or major reorganization.

1 “(f) PAYMENT OF BUY-DOWN COVERAGE.—The
2 Fund shall pay the qualifying losses of an insurer pur-
3 chasing buy-down coverage up to the amount described in
4 subsection (d).

5 “(g) GOVERNMENT BORROWING.—The Secretary
6 may borrow the funds from the Fund to offset, in whole
7 or in part, the Federal share of compensation provided
8 to all insurers under the Program, except that—

9 “(1) the Fund shall always immediately provide
10 any buy-down coverage payments required under
11 subsection (f); and

12 “(2) any such amounts borrowed must be re-
13 plenished with appropriate interest.

14 “(h) RISK-SHARING MECHANISMS.—The Secretary
15 shall establish voluntary risk-sharing mechanisms for in-
16 surers purchasing buy-down coverage from the Fund to
17 pool their reinsurance purchases and otherwise share ter-
18 rorism risk.

19 “(i) TERMINATION.—Upon termination of the Pro-
20 gram under section 108, and subject to the Secretary’s
21 continuing authority under section 108(b) to adjust claims
22 in satisfaction under the Program, the Secretary shall pro-
23 vide that the Fund shall become a privately-operated mu-
24 tual terrorism reinsurance company owned by the insurers
25 that have submitted buy-down coverage premiums in pro-

1 portion to such premiums minus any buy-down coverage
2 payments received.”.

Page 4, line 22, insert a comma after “chemical”.

Page 4, line 24, insert a comma after “disease”.

Page 5, line 11, insert a comma after “future”.

Page 6, line 3, insert “group” before “life”.

Page 9, line 1, strike “ACTS” and insert “ACT”.

Page 11, line 21, insert a comma after “coverage”.

Page 17, lines 5 through 6, strike “0.5 percentage point” and insert “50 basis points”.

Page 17, line 19, strike “0.00088 percentage” and insert “0.088 basis”.

Page 27, line 9, strike “the insurance” and insert “an insurance policy with the coverage”.

Page 27, line 12, strike the comma after “terrorism”.

Page 27, line 13, insert a comma after “terrorism”.

Page 27, lines 15 through 16, strike “, or as described in paragraph (4)”.

Page 27, line 21, strike the period and insert a semicolon.

Page 27, after line 21, insert the following:

- 1 “except that nothing in this paragraph shall affect
- 2 paragraph (4).”.

Page 27, line 24, strike “(1)” and insert “(1)(B)”.

Page 28, lines 2 through 3, strike “, and to insured losses covered by such coverage resulting from such acts”.

Page 40, line 1, strike “section” and insert “paragraph”.

Page 41, line 2, strike “section” and insert “paragraph”.

Page 41, line 15, strike “section” and insert “paragraph”.

Page 57, line 6, strike “(B)”.

Page 59, line 21, strike “written” and insert “earned”.

Page 59, line 24, strike “written” and insert “earned”.